

BEFORE THE STATE AUDITOR AND COMMISSIONER OF INSURANCE
STATE OF MONTANA

IN THE MATTER OF THE PROPOSED
DISCIPLINARY TREATMENT OF
HARTFORD FIRE INSURANCE CO.,
HARTFORD CASUALTY INSURANCE CO.,
HARTFORD ACCIDENT AND INDEMNITY
CO., HARTFORD UNDERWRITERS
INSURANCE CO., HARTFORD INSURANCE
CO. OF THE MIDWEST, and TWIN CITY
FIRE INSURANCE CO.,

Case No. 2003 - 41

CONSENT AGREEMENT
AND FINAL ORDER

Respondents.

The State Auditor and Commissioner of Insurance of the state of Montana
(Commissioner), pursuant to the authority of the Montana Insurance Code, Mont. Code Ann. §
33-1-101, *et seq.*, hereby makes the following allegations which justify and support
disciplinary treatment:

FACT ASSERTIONS

1. Respondent Hartford Fire Insurance Co. is a Montana licensed insurer holding
certificate of authority #2479 issued by the State Auditor and Commissioner of Insurance.

2. Respondent Hartford Casualty Insurance Co. is a Montana licensed insurer
holding certificate of authority #2587 issued by the State Auditor and Commissioner of
Insurance.

3. Respondent Hartford Accident and Indemnity Co. is a Montana licensed insurer
holding certificate of authority #2478 issued by the State Auditor and Commissioner of
Insurance.

4. Respondent Hartford Underwriters Insurance Co. is a Montana licensed insurer
holding certificate of authority #2768 issued by the State Auditor and Commissioner of
Insurance.

1 5. Respondent Hartford Insurance Co of the Midwest is a Montana licensed
2 insurer holding certificate of authority #2271 issued by the State Auditor and Commissioner of
3 Insurance.

4 6. Respondent Twin City Fire Insurance Co. is a Montana licensed insurer holding
5 certificate of authority #2586 issued by the State Auditor and Commissioner of Insurance

6 7. John R. Cochrane II is a Montana licensed insurance producer holding license
7 #11834 issued by the State Auditor and Commissioner of Insurance.

8 8. From April 1, 2002 through April 30, 2003, John R. Cochrane II was the
9 insurance producer on 169 policies for subjects of insurance located, residing, or to be
10 performed in Montana with a total premium of \$108,199.00 written by the Respondents

11 9. John R. Cochrane II was not an appointed insurance producer with any of the
12 Respondents until May 15, 2003 when Respondents filed a notice of appointment with the
13 Insurance Commissioner and Insurance Department.

14 10. From January 1, 2002 through June 1, 2003, the following agencies acted as
15 insurance producers on 12 policies, with total premiums of \$22,203.00 and involving subjects
16 of insurance located, residing, or to be performed in Montana, without a proper agency
17 appointment with the Respondents: Kaufman & Kaufman Insurance; P. L. Gibson - Governor
18 Agency, Inc.; Willis of Arizona, Inc.; Insurance Answer Center, Inc.; Daly Agency INC /
19 SCIC; and Mutual Insurance Association, Inc.

20 11. From January 1, 2002 through June 1, 2003, the following agencies acted as
21 insurance producers on 8 policies, with total premiums of \$20,681.00 and involving subjects of
22 insurance located, residing, or to be performed in Montana, without a properly affiliated
23 individual producer with the Respondents: MYGH Insurance Associates; Westmont Insurance;
24 Kramer Agency, A Division of Warner & Co.; and Marsh USA Inc. - Private Client Services.

25 12. From January 1, 2002 through June 1, 2003, the following agencies acted as
26 insurance producers on 17 policies, with total premiums of \$15,189.00 and involving subjects
27 of insurance located, residing, or to be performed in Montana, without an agency appointment
28

1 or properly affiliated producer with any of Respondents: Keller - Lowry Insurance / ASLA;
2 Marsh USA Inc. - Private Client Services; Universal Insurance Brokers, Inc.; Brown & Brown
3 Insurance of Arizona, Inc.; Near North Insurance Brokerage, Inc.; and Burns Insurance
4 Agency, Inc.

5 CONCLUSIONS OF LAW

6 1. The State Auditor is the Commissioner of Insurance pursuant to Mont. Code
7 Ann. § 2-15-1903.

8 2. The Montana Insurance Department (Department) is under the control and
9 supervision of the Commissioner of Insurance pursuant to Mont. Code Ann. §§ 2-15-1902 and
10 33-1-301.

11 3. The Commissioner of Insurance shall administer the Department to protect
12 insurance consumers pursuant to Mont. Code Ann. § 33-1-311.

13 4. Pursuant to Mont. Code Ann. § 33-1-102, a person or entity may not transact a
14 business of insurance in Montana or a business relative to a subject resident, located, or to be
15 performed in Montana without complying with the applicable provisions of the Montana
16 Insurance Code.

17 5. Pursuant to Mont. Code Ann. § 33-17-236(2), all insurers shall file with the
18 Insurance Commissioner and Insurance Department a notice of appointment of the insurance
19 producer within 15 days of the execution of the agency contract with the insurance producer.

20 6. Pursuant to Mont. Code Ann. § 33-17-231(1), each insurer appointing an
21 insurance producer shall file the appointment with the Insurance Commissioner and Insurance
22 Department specifying the kinds of insurance to be transacted by the insurance producer for the
23 insurer.

24 7. By failing to file appointments for John R. Cochrane II, Respondents are in
25 violation of Mont. Code Ann. §§ 33-17-231(1) and 33-17-236(2)

26 8. Additionally, Respondents are in violation of Mont. Code Ann. §§ 33-17-231(1)
27 and 33-17-236(2) by failing to file appointments for and/or properly affiliate producers for the
28

1 following agencies: Kaufman & Kaufman Insurance; P. L. Gibson - Governor Agency, Inc.;
2 Willis of Arizona, Inc.; Insurance Answer Center, Inc.; Daly Agency INC / SCIC, Mutual
3 Insurance Association, Inc.; MYGH Insurance Associates; Westmont Insurance; Kramer
4 Agency, A Division of Warner & Co.; Keller - Lowry Insurance / ASLA; Marsh USA Inc. -
5 Private Client Services; Universal Insurance Brokers, Inc.; Brown & Brown Insurance of
6 Arizona, Inc.; Near North Insurance Brokerage, Inc.; and Burns Insurance Agency, Inc

7 9. Pursuant to Mont. Code Ann. § 33-1-317, the Insurance Commissioner may
8 impose an administrative fine of up to \$25,000.00 per each violation of the Montana Insurance
9 Code.

10 AGREEMENT

11 Each Respondent hereby stipulates and agrees to the following:

12 1. Each Respondent is an insurer holding a certificate of authority issued by the
13 Insurance Commissioner and Department to transact the business of insurance in Montana.

14 2. The Insurance Department and the State Auditor and Commissioner of Insurance
15 have jurisdiction over the subject matter of the above-entitled proceeding.

16 3. Each Respondent acknowledges that its authorized representative signing this
17 Consent Agreement has read and understands each term of this Consent Agreement and Final
18 Order. Each Respondent acknowledges that it enters into this Consent Agreement voluntarily,
19 and without reservation. Each Respondent acknowledges that this Consent Agreement
20 constitutes the entire agreement between the parties and that no other promises or agreements,
21 either express or implied, have been made by the Department or by any member, officer, agent
22 or representative of the Department to induce Respondent to enter into this Consent
23 Agreement.

24 4. The Department contends as set forth in the preceding Factual Assertions and
25 Conclusions of Law and Respondents admit the same. The Department and Respondents have
26 elected to resolve these matters as follows:

27 (a) Respondents have filed appointments, specifying the kinds of insurance to
28

1 be transacted, with the Department and Commissioner for the aforementioned agencies or
2 producers and have properly affiliated producers to these agency appointments;

3 (b) Respondents shall pay an administrative fine totaling \$30,000.00 to the
4 Department within 30 days following the signing of the Final Order in this matter.
5 Respondents are jointly and severally liable for payment of the \$30,000.00 administrative fine;

6 (c) The Department shall not pursue legal action against any of the
7 Respondents for failure to file appointments for agencies and/or producers or to properly
8 affiliate producers with regard to insurance policies issued between January 1, 2002 and
9 October 1, 2003;

10 (d) Each Respondent specifically and affirmatively waives a contested case
11 hearing and all rights to appeal under the Montana Administrative Procedure Act, and elects to
12 resolve this matter on the terms and conditions set forth herein;

13 (e) Each Respondent agrees that compliance with this Consent Agreement and
14 Final Order shall be a final compromise and settlement of the matters set forth herein:

15 (f) Each Respondent agrees that this Consent Agreement shall be incorporated
16 and made a part of the attached Final Order issued by the Commissioner herein;

17 (g) Each Respondent further understands that, upon the signing of the Final
18 Order by the Commissioner or his representative, this Consent Agreement and Final Order will
19 be an order of the Commissioner and failure to comply with the same may constitute separate
20 violations of the Montana Insurance Code, pursuant to Mont. Code Ann. § 33-2-119 and/or
21 other applicable statutes or rules, and may result in subsequent legal action by the Department;
22 and

23 (h) Each Respondent fully and forever releases and discharges the
24 Commissioner, Department, and all Department employees from any and all actions, claims,
25 causes of action, demands, or expenses for damages or injuries, whether asserted or
26 unasserted, known or unknown, foreseen or unforeseen, arising out of the factual allegations
27 or conclusions in this Consent Agreement.

5. Each Respondent understands that this Consent Agreement is not effective until such time as the following Final Order is signed.

6. Each Respondent understands that this Consent Agreement and Final Order are public records under Montana law and as such may not sealed or otherwise withheld from the public.

HARTFORD FIRE INSURANCE COMPANY, RESPONDENT

By: [Signature]
Its: Senior Vice President

10/30/03
Date

Subscribed and Sworn to before me this 30th day of October, 2003.

(SEAL)

[Signature]
Notary Public for the State of Connecticut
Residing at Hartford
My commission expires July 31, 2007

HARTFORD CASUALTY INSURANCE COMPANY, RESPONDENT

By: [Signature]
Its: Senior Vice President

10/30/03
Date

Subscribed and Sworn to before me this 30th day of October, 2003.

(SEAL)

[Signature]
Notary Public for the State of Connecticut
Residing at Hartford
My commission expires July 31, 2007

HARTFORD ACCIDENT AND INDEMNITY COMPANY, RESPONDENT

By: James R. B. [Signature]
Its: Senior Vice President

10/30/03
Date

Subscribed and Sworn to before me this 30th day of October, 2003.

(SEAL)

Tatiana Lumpkin
Notary Public for the State of Connecticut
Residing at Hartford
My commission expires July 31, 2007

HARTFORD UNDERWRITERS INSURANCE COMPANY, RESPONDENT

By: James R. B. [Signature]
Its: Senior Vice President

10/30/03
Date

Subscribed and Sworn to before me this 30th day of October, 2003.

(SEAL)

Tatiana Lumpkin
Notary Public for the State of Connecticut
Residing at Hartford
My commission expires July 31, 2007

HARTFORD INSURANCE COMPANY OF THE MIDWEST, RESPONDENT

By: James R. B. [Signature]
Its: Senior Vice President

10/30/03
Date

Subscribed and Sworn to before me this 30th day of October, 2003.

(SEAL)

Tatiana Lumpkin
Notary Public for the State of Connecticut
Residing at Hartford
My commission expires July 31, 2007

1 TWIN CITY FIRE INSURANCE COMPANY, RESPONDENT

2 By: James R. Smith
3 Its: Senior Vice President

10/30/03
Date

4 Subscribed and Sworn to before me this 30th day of OCTOBER, 2003.

5 (SEAL)

6 J. Patricia Lempkin
Notary Public for the State of CONNECTICUT
7 Residing at Hartford
My commission expires July 31, 2007

8
9
10 ACCEPTED ON BEHALF OF THE INSURANCE DEPARTMENT:

11 Jennifer Massman
12 Jennifer Massman, Staff Attorney
13 Insurance Department

11-3-03
Date

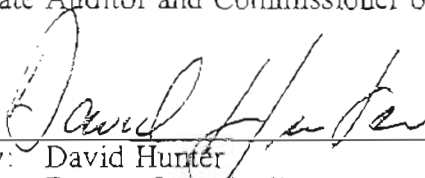
1 FINAL ORDER

2 Pursuant to the authority vested by the Montana Insurance Code, Mont. Code Ann. §
3 33-1-101 et seq., and upon review of the forgoing Consent Agreement and good cause
4 appearing therefor,

5 IT IS ORDERED that the foregoing Consent Agreement between the Insurance
6 Department and Hartford Fire Insurance Co., Hartford Casualty Insurance Co., Hartford
7 Accident and Indemnity Co., Hartford Underwriters Insurance Co., Hartford Insurance Co. of
8 the Midwest, and Twin City Fire Insurance Co. is hereby adopted as if set forth fully herein.

9 DATED this 3rd day of November, 2003.

10
11 JOHN MORRISON
12 State Auditor and Commissioner of Insurance

13 
14 By: David Hunter
15 Deputy State Auditor
16
17
18
19
20
21
22
23
24
25
26
27
28

CERTIFICATE OF SERVICE

I hereby certify that on the 4 day of November, 2003, I served
a true and accurate copy of the foregoing Consent Agreement and Final Order upon the
Respondents, by mail, postage prepaid, at the following address:

Richard P. Gentile
Legal Counsel
The Hartford
Hartford Plaza
Hartford, CT 06115
(Legal Counsel for all Respondents)

Jennifer Massman
Staff Attorney
Insurance Department

Paula Sautter



November 7, 2003

Jennifer Massman, Esq.
Montana State Auditor
840 Helena Avenue
Helena, MT 59601

Re: File No. 2003-41

Dear Attorney Massman:

I enclose at this time our check in the amount of \$30,000 in settlement of the above matter.

Thank you for helping us resolve this situation.

Very truly yours,

Richard P. Gentile

RPG.aek

Enclosure

Hartford Plaza
Hartford, CT 06115
Telephone 860 547 5900